

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
December 5, 2000
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on December 5, 2000 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory C. Jones and Members Sterling M. Ryder, Staci Yandle and Stuart P. Levine. Member Joseph Lamendella was not present for the meeting.

Also in attendance were: Administrator Sergio E. Acosta, Deputy Administrators Joseph Haughey, Allan S. McDonald, Thomas Swoik, and James W. Wagner, Deputy Chief Legal Counsel Jeannette P. Tamayo, and other members of the staff.

Chairman Jones re-convened the December 4, 2000 Closed Session at 9:35 a.m. in the 3rd floor Board Conference Room.

The Board convened its Open Session at 2:05 P.M.

Approval of Minutes

Member Ryder moved that **the Board approve the Open Session Minutes for the following meetings:**

- **Regular Meeting of September 14 & 15, 2000**
- **Special Meeting of October 4, 2000**
- **Special Meeting of October 11, 2000**
- **Regular Meeting of October 17, 2000**
- **Special Meeting of November 15, 2000**
- **Special Meeting of November 22, 2000**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Member Ryder moved that **all portions of the closed session minutes of the Illinois Gaming Board from March 16, 2000 through and including May 16, 2000 for which the need for confidentiality no longer exists, be made available for public inspection in accordance with the Open Meetings Act.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Jones stated that the Board would circulate to the public and media a new policy item, relating to the self-exclusion of problem gamblers. Chairman Jones stated that the policy stemmed from the Problem Gambling Meeting held in May by the Gaming Board. Chairman Jones stated that guest speakers at the meeting felt that the self-exclusion policy is a useful step in dealing with some problem gamblers, particularly if it is coordinated with a treatment program and counseling. Chairman Jones welcomed any comments by the media, public and casinos on the draft proposal, as the policy would be up for discussion at the next Board meeting on January 30th 2001.

Board Policy Items

Member Levine moved **that the board adopt the following dates for its regulatory meeting agenda for the calendar year 2001.**

**January 30, 2001
February 27, 2001
March 20, 2001
April 17, 2001
May 15, 2001
June 19, 2001
July 17, 2001
September 18, 2001
October 16, 2001
December 4, 2001**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman Jones stated that the Self-Exclusion policy is a matter that would not be discussed at this meeting and asked Administrator Acosta if he had any comments on how members of the public or media could obtain copies of the proposal.

Administrator Acosta stated that Mr. O'Shea, the Gaming Board's Public Information Officer, would prepare copies of the policy after the meeting and that copies would be available in the lobby of the Gaming Board office on the 3rd floor. Mr. Acosta stated that the policy would also be on the IGB website within the next day or two. Mr. Acosta asked that if any of the licensees or interested parties have comments regarding the proposed rule to contact the staff directly by telephone or submit comments in writing.

Rulemaking- Hours of Alcohol Sales

Deputy Chief Legal Counsel, Jeannette P. Tamayo, stated that on the morning of the last meeting on October 17th staff appeared before the Joint Committee on Administrative Rules to seek approval of the second notice filing of amendments to Board Rule 3000.930. At that time, the Board was proposing to adopt as the hours of alcohol sale 9:30 a.m. – 4:00 a.m. Ms. Tamayo stated that Joint Committee on Administrative Rules objected to the rulemaking because the Board increased the hours of authorized alcohol sales during first notice to such an extent that the public's welfare and safety would be endangered". Ms. Tamayo stated that the Joint Committee was in favor of the First Notice submission that was presented by the Board. Ms. Tamayo also stated that having received an objection to that particular rule, the Board now has three options and ninety days from October 17, 2000 to implement those three options: (1) withdraw the rule and resubmit a new rule on First Notice; (2) modify its original submission on Second Notice to the Joint Committee; (3) refuse to modify the rule, notwithstanding the recommendation of JCAR. Ms. Tamayo recommended that the Board consider modifying the rule to the same hours that staff proposed at the last meeting: 9:30 a.m. – 3:00 a.m.

Member Ryder asked Ms. Tamayo if there were any surrounding states that has a closing alcohol sales hour prior to 4:00 a.m.

Ms. Tamayo informed Mr. Ryder that some of the casinos across the Missouri River, which compete with Alton Belle, close at 3:00 a.m.

Member Ryder stated that the official JCAR correspondence indicated that JCAR was under the misapprehension that the Board was actually extending the hours of liquor sales by going to 4:00 a.m. from 3:00 a.m., which is furthest from the truth. He said that under current law there are effectively no restrictions on riverboat alcohol sale hours. Member Ryder stated that, in his view, it makes the most sense to go back to the original Board proposal.

Chairman Jones stated that he was most surprised by the fact that when he looked through the information that was provided by the Illinois Casino Gaming Association, the volume of alcohol sales was very low between 3 and 4:00 a.m. in the morning. Chairman Jones stated that it is not so much a business proposition to be able to make money on alcohol sales as it is possibly a competitive disadvantage. Chairman Jones stated that 4:00 a.m. really makes very little difference from 3:00 a.m. for alcohol sales to those individuals who are legitimately concerned about people having drunk drivers on the road at that hour. Chairman Jones asked Ms. Tamayo if any of the mayors of the different communities where the casinos are located had any comments.

Ms. Tamayo stated that none of the mayors who submitted comments opposed the Board's recommendations, and in fact, stated that they had no problems with any of the casinos.

Administrator Acosta stated that in fairness to the members of the public, licensees, and everyone involved, the Board has been, over the course of the past year, all over the map. Mr. Acosta stated that the Board first started with the proposal that it would be the local hours applied to the licensees, then the Board went to the 10:00 a.m. to 2:00 a.m. proposal, and then the to 9:30 to 4:00 a.m. proposal. Mr. Acosta stated that it's possible that there was a misimpression among JCAR, which may be in part due to some of the confusion that might exist out there. Mr. Acosta also stated that there may have been some who thought that the hours of alcohol sales were from 10:00 a.m. to 2:00 a.m., thinking therefore that the Board action might have been viewed by them as an expansion of the hours. Mr. Acosta stated that he thinks it's important that the Board take a firm position as to its decision.

Based on the staff's recommendation, Member Yandle moved that **the Board approve the filing of the proposed rule 3000.930 as amended on Second Notice notwithstanding the Joint Committee on Administrative Rules objection.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Member Ryder stated that he appreciated the Administrator's diplomacy, and that although the Board discussed many different hours, it did not adopt them. Member Ryder stated that he was never happy or satisfied with any of the proposals, nor is he entirely satisfied with the one adopted, but he stated that it's better than what exist now.

Public Commentary

Bishop Joseph Sprague, with the United Methodist Church, was present to talk about expansions of riverboat gambling. Bishop Sprague read sections of a letter that he and a colleague wrote to the Governor after the Governor's statements two weeks prior to election. Bishop Sprague quoted the Governor saying that he would not support any expansions of riverboat gambling. Bishop Sprague quoted statements made by Rosemont's Mayor Stephens in a recent letter printed in the Chicago Tribune stating that the school children in Illinois have lost new text books, smaller classes, better trained teachers, and other educational opportunities because the Rosemont casino is not yet a fact. Bishop Sprague disagreed with the Mayor's statement. Bishop Sprague stated that increased casino and lottery profits does not mean increase funding for education. Bishop Sprague read a statement from the 1996-1999 budget of the Illinois State Board of Education to support his opinions. Bishop Sprague applauded the Gaming Board for the cautious approach taken during the regulatory process for Emerald Casino.

Owner Licensee Items

CASINO QUEEN – Mr. Jeff Watson, General Counsel, was present on behalf of Casino Queen to request initial consideration for Casino Queen's business loan agreement. Mr. Watson stated that Casino Queen is requesting that the Board waive the Two-Meeting Rule, Board Rule 3000.105(e) in regards to the loan agreement. Mr. Watson asked that the Board

take action on the business loan agreement and approve it at this Board meeting. Mr. Watson stated that a final copy of the loan agreement was delivered to Mr. Allan McDonald and that Casino Queen has worked closely with Mr. McDonald to resolve any issues.

Administrator Acosta stated that staff has no objections to the Board approving the agreement; however, the issue before the Board is the waiver of the Two-Meeting Rule, which is a matter entirely up to the discretion of the Board.

Chairman Jones asked Mr. Watson to explain briefly for the public record the purpose of the waiver request.

Mr. Watson stated that the request for waiver came about due to the timing of Casino Queen's Board meetings and the Gaming Board's regular meetings. Although the agreement was in the process of negotiations, Casino Queen's Board did not meet in October and the Gaming Board did not meet in November. Had there been a November meeting, they would have brought the matter up for initial consideration at that time. Mr. Robert Barrows, Chief Financial Officer, briefly described the business loan agreement.

Member Ryder asked why it makes a difference if the Board acts on the request at today's meeting rather than at the next meeting.

Mr. Barrows stated that other than the million dollars, which is the cost to repay the debt, there is no difference. He agreed that the transaction was a wash.

Member Ryder asked General Counsel Watson if the initial approval occurred in August, why the issue didn't come up during the Gaming Board's October Board meeting.

Mr. Watson stated that his understanding was that the terms of the loan agreement were at a negotiation phase so there was not a lot of detail to report to Casino Queen's Board or for them to take any action, even on an initial consideration basis. Mr. Watson stated that Casino Queen has worked with Mr. McDonald and sought his guidance on how to avoid a situation like this in the future.

Member Ryder questioned whether the terms of the agreement were now final.

Mr. Watson stated that the terms are final, and no further changes are anticipated. Mr. Watson also stated that a final copy of the agreement has been sent to Mr. McDonald.

Member Yandle moved that **the Board waive the requirements of Board Rule 3000.105(e) and permit Casino Queen to present for Board approval its request for an amendment to its existing Bank of America \$14 million senior secured reducing revolving line of credit facility.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Based on the staff's review and recommendation, Member Yandle moved that **the Board initially approve Casino Queen, Inc.'s request for this amendment and delegate to the Administrator under Board Rule 3000.230(d)(2) final approval of the transaction upon execution of the appropriate documents.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman Jones expressed his hopes that Casino Queen will not have to submit such an extraordinary request to the Board again.

Member Ryder stated that the fact that Casino Queen did get their notice to the Board, and has been working with staff for over a month weighed in his consideration to vote in favor of their request. Member Ryder stated that if Casino Queen is going attempt to make a similar request, they are now warned to re-think numerous times a request to ask the Board to disregard its own Two-Meeting Rule requirement.

HARRAH'S CASINO JOLIET – Karen Wosnack and Michael St. Pierre, General Manager for Harrah's, were present on behalf of Harrah's to request initial consideration for a request for Waiver of Riverboat and Board Surveillance Room Requirements. Ms. Wosnack stated that Harrah's is under-going certain construction that would require a partial waiver of Board Rule 3008.10 that involves the location of the surveillance rooms.

Member Ryder asked Ms. Wosnack if she would be able to provide for the Gaming Board staff diagrams and drawings so that they could see specifically where the new room would be. Member Ryder also asked whether the number of surveillance rooms would be increased.

Ms. Wosnack stated that diagrams would be provided and offered that surveillance rooms would be increased significantly. Ms. Wosnack further stated that Harrah's would be in full compliance with the Gaming Board Rules.

Member Ryder asked if the room would be on the barge or pavilion. Ms. Wosnack stated that it would be on the pavilion, approximately 20 feet adjacent to the barge.

Member Ryder asked about the access from the surveillance room to the barge. Mr. St. Pierre stated that, as the rule requires, the surveillance room would be concealed to the general public with access limited to surveillance officers.

Chairman Jones clarified for the members of the public that Illinois Gaming Board Rule 3000.810 requires that the surveillance equipment be on the riverboat itself. Chairman Jones stated that the waiver is being sought since dockside gaming provides other opportunities for locating space for surveillance rooms. However, if cruising is again required, the issue could be revisited.

HOLLYWOOD CASINO AURORA – Ed Pratt, President of Hollywood Casino, and other staff members were present on behalf of Hollywood to request license renewal.

Member Ryder questioned Hollywood's projected revenues for the years 2001 and 2002. Paul Yates, Hollywood's Chief Financial Officer, stated that Hollywood has taken a conservative approach and looked for modest growth out of its existing operations. Mr. Yates stated that Hollywood has been finalizing plans to expand the facility, which will be the catalyst for further growth. Mr. Yates added that Hollywood has a history of exceeding its projections.

Member Ryder referred to Section 7(b) of the Riverboat Gambling Act regarding affirmative action. Member Ryder stated that he was impressed with Hollywood's report with respect to minority hiring, even though, the data does not really reflect promotions. Member Ryder asked Mr. Pratt if that data could be shared with Gaming Board staff.

Member Yandle requested data for minority and female promotions specifically.

Mr. Pratt stated that he would be more than happy to provide staff with the information.

Member Ryder referred to Gaming Board Rule 3000.1050 regarding credit. Member Ryder questioned Hollywood's credit practices with respect to the requirement to only issue credit in a commercially reasonable manner. Member Ryder requested information to compare Hollywood with other licensees to figure out why there are variations in the credit numbers.

Mr. Pratt stated that he would be more than happy to share that information. Mr. Pratt stated that Hollywood is very prudent about their issuance of credit.

Chairman Jones asked Mr. Pratt what Hollywood was doing with respect to Self-Exclusion.

Pat Medchill, General Manager for Hollywood, stated that Hollywood has a full exclusion program at the property, that allows investigating anyone who comes forward and identifies himself or herself a compulsive gambler. Mr. Medchill stated that Hollywood does have a Voluntary Eviction form for patrons who state that they have a gaming problem. The form is circulated to other Illinois casinos. Mr. Medchill stated that when a patron asks to be evicted from the property permanently, Hollywood never refuses that request.

Chairman Jones questioned the issue of signage with respect to problem gambling.

Mr. Medchill stated that signs are posted on all of the ATMs on the boat and that palm cards are also posted throughout the property.

Based on the staff's investigation and recommendation, Member Levine moved that **the Board approve the Owner's License of Hollywood Casino Aurora for a term of 4 years. Further, the Board designates as and approves the following Key Persons:**

1. **Hollywood Casino Corporation**
2. **Jack E. Pratt**
3. **Edward T. Pratt, Jr.**
4. **William D. Pratt**
5. **Edward T. Pratt III.**
6. **C.A. Pratt Partners, Ltd.**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND – Donna More was present on behalf of Casino Rock Island to request final action on the Transfer of Ownership Interest.

Based on the staff's investigation and recommendation, Member Yandle moved that **the Board approve the transfer of ownership interest of 363 shares of Rock Island BoatWorks, Inc. from D. James Jumer to be equally divided between James F. Jumer, Sylvia M. Wicks and John A. Jumer, who have been previously approved as key persons.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE – Donna More was present on behalf of Par-A-Dice Casino to request approval for Mr. Flint as a Level One Occupational Licensee.

Based on a review of the staff's investigation and recommendation, Member Levine moved that **the Board approve Michael Flint as a Level 1 Occupational Licensee of Par-A-Dice Gaming Corporation.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

OSBORNE COINAGE COMPANY – Chief Financial Officer, Tom D'Agnillo, was present on behalf of Osborne Coinage Company to request license renewal.

Based on the staff's investigation and recommendation, Member Yandle moved that **the Board approve the Supplier's license of Osborne Coinage Company for a term of 4 years.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

PDS FINANCIAL – Donna More and Kevin Schultz were present on behalf of PDS Financial to request license renewal.

Based on the staff's investigation and recommendation, Member Levine moved that **the Board approve the Supplier's license of PDS Financial for a restricted term of one year. In renewing this Supplier's License, the Board orders the following:**

1. **Within two (2) weeks of today's date, PDS is to submit in writing:**
 - a. **a verified explanation as to why PDS failed to timely file its quarterly reports for the quarters ending December, 1999, and March, 2000; and**
 - b. **The identity of the PDS staff member who submitted the letter dated May 26, 2000, and verification of that submission to the Board regarding PDS' apology for failing to timely file its quarterly reports.**
2. **PDS shall submit timely reports and information to the Board and shall comply fully with all Board requests during the period of its license renewal.**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Disciplinary Complaints

Member Levine moved that **the Board issue a Disciplinary Complaint against Olivia Marie Heard and revoke her Level 3 Occupational License for failing to comply with the Act and Board Rules in relation to her arrest and conviction for theft arising from an incident that occurred at the Casino Queen on November 6, 1998.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearing/ALJ Report

Member Ryder moved that **the Board deny the request for hearing submitted by Paul M. Czech for failure to provide a *prima facie* basis for his hearing request and for failure to meet the requirements of Board Rule 3000.1125 in his hearing request.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on the staff's investigation and recommendation, Member Yandle moved that **the Board approve 221 applications for an Occupational License Level 2, and 568**

applications for an Occupational License Level 3, and deny 1 applications for an Occupational License Level 2, and 3 for an Occupational License Level 3.

Member Yandle further moved that, the Board direct the Administrator to contact 13 pending applicants for occupational licenses to notify those applicants that staff has recommended that the Board deny their applications for an occupational license and provide these applicants with an opportunity to respond. Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Pursuant to Section 2 (c), paragraph (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Levine moved that **the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees.**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote. At 3:20 P.M., the Board retired to Closed Session. The Board adjourned at 5:02 p.m.

Respectfully submitted,

Monica Thomas
Secretary to the Board